

The State of Georgia

Neighborhood Stabilization Program
Request for Proposals

Method Two: Flexible Pool Funds

February 18, 2009



TABLE OF CONTENTS

| | |
|---|----------|
| SUMMARY AND BACKGROUND | 3 |
| PROGRAM REGULATIONS | 3 |
| ELIGIBLE ACTIVITIES | 3 |
| ELIGIBLE PROGRAMS | 4 |
| ELIGIBLE PARTICIPANTS | 4 |
| SELECTION CRITERIA | 5 |
| SET-ASIDE | 6 |
| ATTACHMENTS..... | 6 |
| PROPOSAL REQUIREMENTS | 6 |
| PROPOSAL REVIEW PROCESS | 7 |
| TIMELINE..... | 7 |
| TIMELINESS OF USE AND EXPENDITURE OF FUNDS | 7 |
| FUNDING | 7 |
| RESOURCES | 8 |
| QUESTIONS AND CONCERNS..... | 9 |

SUMMARY AND BACKGROUND

As stated in the NSP Proposed Substantial Amendment to the Action Plan (hereinafter Substantial Amendment), the Georgia Housing and Finance Agency (GHFA), whose programs are administered by the Housing Finance Division of the Department of Community Affairs (DCA), will oversee the administration of the Neighborhood Stabilization Program (NSP) Method Two Flexible Pool. GHFA is the state participating Jurisdiction (PJ) under the HOME program and serves as the state's Housing Finance Agency managing the state's Low Income Housing Tax Credit Program. DCA is requesting proposals (RFP) to fund local activities that address the greatest neighborhood and community redevelopment needs within a targeted area in the most efficient and effective ways possible.

PROGRAM REGULATIONS

NSP provides assistance to every state and certain local communities to purchase foreclosed or abandoned homes and residential properties to rehabilitate, resell, or redevelop these homes and residential properties in order to stabilize neighborhoods and stem the decline of house values of neighboring homes. The program is authorized under Title III of the Housing and Economic Recovery Act of 2008 (HERA). NSP requirements are governed in all cases by the following: (i) HERA; (ii) the NSP Notice Docket No. FR-5255-N-02; (iii) U.S. Housing and Urban Development Department (HUD) CDBG Regulations, found at 24 CFR 570 and (iv) the Substantial Amendment. Eligible Responders to this RFP should read through all of the HERA, the Notice, the Substantial Amendment and the CDBG Regulations carefully before completing their Proposals.

ELIGIBLE ACTIVITIES

Listed below are activities for which NSP Flexible Pool funds may be utilized:

- Establish financing mechanisms for purchase and redevelopment of foreclosed upon homes and residential properties, including such mechanisms as soft-second, loan loss reserves and shared-equity loans for low-and moderate-income homebuyers (§2301(c)(3)(A));
- Purchase and rehabilitate homes and residential properties that have been abandoned or foreclosed upon, in order to redevelop and rent such properties (§2301(c)(3)(B));
- Demolish blighted structures (§2301(c)(3)(D)). *For flexible pool funds, redevelopment of low income housing is required;* and
- Redevelop demolished or vacant properties for the development of rental housing (§2301(c)(3)(E)).

ELIGIBLE PROGRAMS

Given the Eligible Activities listed above, the amount of NSP funding available under the Flexible Pool is \$19,561,362 at the time of publication for use with the following Eligible Programs:

- The Permanent Supportive Housing Neighborhood Stabilization Program (PSHNSP)
- The Low Income Housing Tax Credit Program (LIHTC)
- The Georgia Dream/NSP Purchase Program

These Eligible Programs can only occur in jurisdictions whose minimum assistance size was determined to be \$100,000.00 for State NSP Direct Allocation Assistance (combined DCA and HUD allocations) as described in Section A and Appendix II of the Substantial Amendment.

Five million dollars (\$5,000,000) of the Flexible Pool has been set-aside for the Georgia Dream/NSP Purchase Program, as described in the revised version of the Substantial Amendment for the State of Georgia. Please see the Substantial Amendment and the DCA website for information on the Georgia Dream/NSP Purchase Program¹. The Georgia Dream/NSP Purchase Program is not a part of this RFP. Therefore, approximately \$14,561,362 will be available for the Permanent Supportive Housing Neighborhood Stabilization Program (PSHNSP) and the Low Income Housing Tax Credit Program (LIHTC) program.

DCA's RFP was developed based on the Substantial Amendment that was submitted to HUD on December 1, 2008 and modified on December 15, 2008 and February 2, 2009. The Substantial Amendment Plan was approved January 15, 2009 and may change to the extent HUD requires changes to the Substantial Amendment or DCA determines changes are needed. Any violation of the Substantial Amendment that affects this RFP will be addressed and subsequently cured through means acceptable to HUD.

Please review DCA's website at <http://www.dca.ga.gov/communities/CDBG/programs/nsp.asp>.

ELIGIBLE PARTICIPANTS

Eligible participants are:

- Georgia Local Units of Government (LUG) located in the jurisdictions whose minimum assistance size was determined to be \$100,000.00 for State NSP Direct Allocation Assistance (combined DCA and HUD allocations) as described in Section A and Appendix II of the Substantial Amendment. Local Governments may also undertake projects through subcontract with properly organized entities including partnerships and sole proprietorships in accordance with either of the Low Income Housing Tax Credit Program or the Permanent Supportive Housing Neighborhood Stabilization Program. Such entities may be organized as either Not-for-Profit and/or For-Profit corporations with responsibility to administer, design, develop and/or implement Flexible Pool proposal activities. A development team must be identified and is expected to plan and monitor implementation. It should include individuals

¹ If any funds remain in the Flexible Pool, then a second RFP may be issued to expedite the use of these funds. In addition, any funds deobligated or reallocated to the Flexible Pool as a result of failure to meet commitment requirements, as detailed below, could be reallocated as described in Section B (5) of the Substantial Amendment.

with expertise and experience in the successful completion of housing finance, community and economic development projects;

- Eligible Not-for-Profit entities, as noted in the first sentence of 24 CFR 570.500(c), may apply for funds for an area (block groups) within their jurisdiction or service area that is identified as being of greatest need; and
- Eligible For-Profit entities.

Please note the following:

- DCA strongly encourages LUGs and other applicants to coordinate their activities in order to eliminate redundancies in their requests.

SELECTION CRITERIA

A NSP RFP Review Team will be established to review the proposals submitted under the Flexible Pool Programs. Once all programmatic requirements for a commitment of funds are met for each Eligible Program, priority emphasis and consideration will be given to those metropolitan areas, metropolitan cities, urban areas, rural areas, low-and moderate-income areas, and other areas with the greatest needs including those with the greatest percentage of home foreclosures, with the highest percentage of homes financed by subprime mortgage related loans and those identified by the State or unit of local government as likely to face a significant rise in the rate of home foreclosures as outlined in the Act.

Proposals will be reviewed by the NSP Review Team with a number of criteria in mind, focused on the critical components of the Act and, including, but not limited to, the following:

- A proposal that supports GHFA's targeted areas of greatest need and demonstrates that the project will address specific areas of need;
- The respondent identifies specific properties for the obligation of funds;
- The respondent evidences local government support needed to make the project successful;
- Data is provided that addresses housing foreclosures and the need for neighborhood stabilization;
- The proposal evidences an ability and strategy to meet a need of stabilizing a neighborhood at risk due to foreclosure, abandonment or blight;
- The respondent demonstrates capacity and experience to successfully carry out the project within the Act's timeframes;
- The respondent demonstrates financial accountability;
- A proposal that supports NSP's requirement that 25% of NSP funds be used for the purchase and redevelopment of abandoned or foreclosed upon homes or residential properties that will be used to house individuals or families whose incomes do not exceed 50% of area median income; and
- The respondent demonstrates readiness to meet the obligation and expenditure requirements with regards to the activity and Programs identified.

For the RFP, each of the criteria listed above will be examined in the review process and documentation will be required to support each category. Program descriptions, including terms and funding requirements are attached as a part of the RFP. Information regarding the Low Income Housing Tax Credit Program and the Permanent Supportive Housing Neighborhood Stabilization Program included in the Flexible Pool can be located at the website addresses provided.

SET-ASIDE

A minimum set-aside of twenty five percent (25%) of the NSP Flexible Pool Funds administered by GHFA will fund Permanent Supportive Housing Neighborhood Stabilization Program (PSHNSP) projects. If it appears that the Flexible Pool can not meet its goal of awarding 25% of its funds to those at 50% of AMI, as set forth in the Substantial Amendment, then GHFA reserves the right to reallocate these resources to other eligible projects.

ATTACHMENTS

This RFP includes these attachments, as follows:

- **Program Term Sheets** (Attachment A)
- **NSP Flexible Pool Eligibility Form** (Attachment B)

PROPOSAL REQUIREMENTS

For each Eligible Program, all documentation listed should be included. One original proposal contained in a binder and one copy on a CD or flash card is required. The binder should contain a Table of Contents which lists each Tab and the document located behind the Tab. In addition, the CD or flash card should be organized in the same manner, containing folders with the appropriate documentation included in each folder.

Except for the forms provided, the proposal documents should be typed on 8.5 x 11 paper, two-sided, with 11-point font, 1.5 line spacing and 1-inch margins on all sides. A complete proposal package consists of the items listed below for each Eligible Program:

Both Permanent Supportive Housing Neighborhood Stabilization Program and Low Income Housing Tax Credit Programs

Tab A: NSP Flexible Pool Eligibility Form (Attachment B)
Tab B: Pictures of the Proposed Project Site
Tab C: Site control documentation to support eligible use
Tab D: HOME and NSP Environmental/Relocation Notice

Permanent Supportive Housing Neighborhood Stabilization Program

Tab E: Core Application located at:
<http://www.dca.ga.gov/housing/HousingDevelopment/programs/permanentSupportiveHousing.asp>

Low Income Housing Tax Credit

Tab E: HOME and NSP Funding Consent Application located at:
<http://www.dca.ga.gov/housing/HousingDevelopment/programs/housingTaxCredit.asp> **OR**

Revised Pro-Forma for the Year the Project was funded (for those projects previously receiving an allocation of low income housing tax credits that have not closed on their land).
Tab F: Performance Workbook

Therefore, a PSHNSP Proposal should contain Tabs A-E and a LIHTC Proposal should contain Tabs A-F.

The deadline for accepting proposals is 5:00 PM, Georgia time, on Friday, March 27, 2009. Proposal packages should be delivered by the deadline to the following address:

Georgia Department of Community Affairs/
Georgia Housing and Finance Authority
60 Executive Park South, N.E.
Atlanta, Georgia 30329
Attention: Neighborhood Stabilization Program/GHFA

After this precise time, irrespective of any extenuating circumstances, no Proposals or portions thereof will be accepted. DCA will acknowledge the receipt of all proposals by close of business on Tuesday, March 31, 2009.

PROPOSAL REVIEW PROCESS

The proposals will be reviewed by the NSP RFP Review Team. Proposals are first reviewed for completeness and then evaluated against applicable NSP regulations and the State's Substantial Plan Amendment. Funding recommendations will be made taking into account total available funds and the selection criteria analysis. The NSP RFP Review Team may seek clarification concerning the proposal, interview the development team and conduct site visits for all proposals as it deems necessary. The NSP Review Team reserves the right to waive any irregularities or inconsistencies in the submitted proposals and reserves the right to reject any and/or all proposals.

TIMELINE

Request for Proposals Released: February 18, 2009
Proposal Due Date: March 27, 2009 by 5:00 PM

TIMELINESS OF USE AND EXPENDITURE OF FUNDS

According to HUD guidelines, all NSP funds must be obligated to projects within eighteen (18) months of the date of DCA's agreement with HUD. Awardees have four (4) years to complete their project(s) from date of the awarded funds.

All NSP contract/award agreements will contain a provision related to use of NSP funds within the required four (4) year time period. In addition, any required periods for the use of funds as detailed in the Program Term Sheets will be required. The transfer of NSP awards is strictly prohibited unless approved in advance by DCA.

FUNDING

This RFP does not represent any obligation or agreement on the part of DCA. All Proposals must comply with all federal, state and local laws. GHFA retains the right to waive any requirement

contained in this RFP, subject to all applicable statutory requirements. In addition, GHFA reserves the right to not award all its funds under this RFP, reallocate funds under the Flexible Pool and to issue subsequent RFP's for these funds.

If the Proposal submitted pursuant to this RFP is approved, the awardee will be required to enter into a written agreement (the "Conditional Agreement") authorized by DCA executive staff. The Conditional Agreement is a binding document between GHFA and the awardee that receives funds from GHFA in connection with the NSP program. Awardees under the Flexible Pool will be provided with commitments specific to the program under which the funds were awarded. The Conditional Agreement will contain the terms, conditions, program requirements and benchmarks that must be met in order to comply with the commitment. All commitments will be required to meet NSP deadlines, requirements and affordability restrictions through restrictive covenants, restrictive agreements and other legal mechanisms.

Notwithstanding any provision of the Conditional Agreement, the parties hereto agree and acknowledge that the agreement does not constitute a final commitment of funds and that such commitment of funds or approval may occur only upon satisfactory completion of environmental review and receipt by GHFA of release of funds from HUD under 24 CFR Part 58. The parties further agree that the provision of any funds to the project is conditioned on GHFA's determination to proceed with, modify, or cancel the project based on the results of the subsequent environmental review.

RESOURCES

Please access the following websites for more information regarding NSP:

HUD Guide to Neighborhood Stabilization Program (NSP) Eligible Uses

<http://www.hud.gov/offices/cpd/communitydevelopment/programs/neighborhoodspg/nspelibleuses.doc>

HUD Explanation of Property Types under Each Eligible Use, dated February 12, 2009

http://www.hud.gov/offices/cpd/communitydevelopment/programs/neighborhoodspg/pdf/nsp_terminology.pdf

NSP Substantial Amendment (DCA), February 2, 2009

http://www.dca.ga.gov/communities/CDBG/programs/documents/NSP_Substantial_Amendment_V3_for_Public_Comment.pdf

NSP Frequently Asked Questions

http://www.hud.gov/offices/cpd/communitydevelopment/programs/neighborhoodspg/docs/nspfaq_all.doc

NSP Appraisal Guidance

http://www.hud.gov/offices/cpd/communitydevelopment/programs/neighborhoodspg/docs/appraisal_guidance.doc

QUESTIONS AND CONCERNS

Due to the anticipated volume of inquiries, please e-mail additional questions and concerns to nsp.flexpool@dca.ga.gov. Please use "Flex Pool/RFP Question" in the subject heading. DCA will make every effort to respond to all inquiries within 24 hours. Any inquires regarded as general will be posted to the DCA website.